

Inside RUNNING



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Tax change is win-win

The new taxation landscape for racing is a significant and welcome development for our industry.

The New Zealand Racing Board formalised its submission to the Government in January 2005. When it was not acknowledged in that year's budget, the Government assured the industry it would be researching the issue and progressing it further.

That has proven to be the case. The new Racing Minister the Rt Hon Winston Peters declared, when he took up the portfolio in October 2005, that the requested reforms would be granted. On 10 March he announced that he would be tabling legislation for the reforms, and the innocuously-named Taxation (Depreciation, Payment Dates Alignment, FBT and Miscellaneous Provisions) Bill, which rounded up a handful of tax reforms, was fast-tracked through Parliament on 22 March without opposition.

The legislation delivers what the industry had requested. As such, it's a resounding vote of confidence from the Government, for the industry and the progress we have made together.

As we said in our submission, our industry is today more united and integrated, and has the best chance of economic

growth and success it's had for many years. The foundation of this is the 2003 Racing Act, which puts the industry in a better position for alignment, and enhances our collective efficiencies and strategies. The work we have begun together on this is clearly recognised by the granting of the tax reforms.

The submission to Government said, "To achieve this result requires a partnership between industry and the Government. In particular the Government must be convinced that the industry improvements will be delivered and that a healthier, stronger industry, with increased contribution to the economy, will result."

We are delighted the Government has entered into this partnership, and agreed that an enlivened industry will deliver enhanced returns.

As the NZ Racing Board Chairman, Warren Larsen, announced in a media release late last month, we estimate on current turnover that the benefit from the tax change will be approximately \$32 million per annum.

He confirmed three key areas of priority investment for the money, in line with the 2005 submission, and indicated the sums involved:

- Improved returns to owners – \$17-\$20 million

The returns to owners should be achieved through increased prize money as well as possible initiatives to encourage increased participation.

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- Increased returns to wagerers through a reduction in the takeout rates - \$6-\$9 million.

The lowering of takeout rates on wagering to provide greater dividends to punters will be progressed in conjunction with the co-mingling of betting pools with overseas operators.

- Code venue strategies to be developed to reshape asset deployment within the industry - \$6-\$9 million.

Funds need to be available to help reshape asset deployment to ensure appropriate strategic venues for showcasing the racing product. A pre-requisite will be the development of robust, code driven venue strategies.

In conjunction with the Codes, we are currently working through just when and how these investments will be delivered.

It is heartening to see that many sectors of the industry – the Codes, owners and breeders – in the same breath welcome the reforms and say that in addition to their benefits, we must continue the considerable work involved in improving the economic viability of racing.

And the industry must thank and acknowledge the Board Members who made up the Taxation Task Force, and produced a submission document of international quality – independent members Dr Alan Jackson, Anne Urlwin and Harness Code nominee Jim Wakefield, in consultation with the Board Chairman, Warren Larsen.

None of us sees the new tax landscape as a cure-all or a silver bullet. It is, however, a vital element, that will do much to ensure our other work is effective.

At the same time, we must also recognise that the other work we are doing now becomes even more critical. Unless we achieve change and improvement on a number of fronts, the benefits of the new tax regime will be dissipated. For example, if we do not achieve improved returns from increased turnover and through industry efficiencies, the inflationary effect alone will erode the \$32 million per annum tax change benefit within a few years.

The NZ Racing Board Submission on Tax 2005 is available in full on the NZ Racing Board website, www.nzracingboard.co.nz

The Taxation Task Force which prepared our successful submission to Government



From left to right:
Dr Alan Jackson,
Anne Urlwin,
Jim Wakefield
and Chairman
Warren Larsen.

Business planning process reaches industry-wide

The annual task of producing our Business Plan and Statement of Intent is well under way.

It's a thoroughgoing process which addresses all aspects of the business of the New Zealand Racing Board, and we also include the three racing Codes in our deliberations.

Under the Racing Act 2003, the NZ Racing Board is required to present to the Minister a Statement of Intent that sets out, in the Act's words:

- the objectives of the Board
- the nature and scope of the activities to be undertaken

- the performance targets and other measures by which its performance may be judged in relation to its objectives
- a statement of accounting policies

Our Business Plan looks ahead three years, so the plan now in preparation covers the racing seasons from 2006/07 to 2008/09.

Year on year, the documents plot a coherent pathway for our business to follow, laying out in some detail our goals, including financial targets, and the strategies and initiatives by which we mean to achieve them.

These documents provide a blueprint for us to follow as an organisation, with financial and performance targets against which we can be measured as we progress. They enable us to work together with the Codes to agree on setting and achieving industry objectives. Their requirement for detail assists us towards achieving financial transparency, and a greater measure of control over containment of cost and generation of revenue, as an organisation and an industry.

In preparing these documents, the Senior Executive and the Board Members of the NZ Racing Board take into consideration a range of issues, from the wider picture within which the New Zealand racing and gambling industries sit, to the individual contributions that the business units within the NZ Racing Board, and the racing Codes, will make.

Work on our Business Plan has been underway since January.

The current big picture shows us operating in an environment where the still-increasing impact of the Internet and satellite broadcast are dissolving national borders and markets. The range of digital communications devices and networks is proliferating, along with entertainment applications for them.

We are comparing NZ Racing Board operations with those of similar Australasian operations to see where we out-perform, and where we can learn lessons.

Auckland Cup Week laid a solid foundation

Now that the first Auckland Cup Week is over, there has been time to look over the figures and reflect on the impact of this bold experiment.

All three Codes gained betting turnover benefit from backing the Auckland Racing Club's concept.

And figures show that the biggest gamble – shifting the Auckland Cup from New Year's Day to the second Tuesday in March – paid off. Customers wagered \$1.86m on the Auckland Cup race this year, which is \$90,000 more than was bet on its New Year's Day running in 2005.

The Auckland Trotting Cup meeting generated \$2.4m, almost double the usual Friday night turnover, and \$530,000 of that was on the Cup race. Turnover was up throughout the meeting, with the draw of a high profile race acting as a betting stimulant.

The Auckland Greyhound Cup turnover of \$90,000 was around double the usual race figure. It was the first

We are looking at strategies throughout our organisation to increase turnover and net betting revenue. At the same time, we are examining our retail, broadcasting and race venue services activities to see how we can improve both the service and costs involved in these business areas.

Working with the Codes is crucial to setting a Business Plan that is acceptable, workable and achievable while continuing to generate the required results.

Each Code is also required to prepare their own Business Plan, covering the same three-year time span. It is presented to the NZ Racing Board for approval, which adds more rigour to the process of the Board and the Codes working together on these plans.

This is the third year that the NZ Racing Board has worked with the Codes on this Business Planning cycle. We have been raising the bar in terms of the content expected, requiring more concrete plans and strategies, and more specific financial forecasts. Progress over the years is yielding better quality planning, and furthers our transition towards a more commercial, economically robust industry.

New Zealand greyhound race for many years to be picked up by the Australian TABs. With live broadcast and betting in Queensland, NSW and Tasmania, around \$90,000 was bet on the race, and the Auckland Greyhound Racing Club will benefit accordingly.

Turnover for the Ellerslie Carnival also indicates a sound start to this new tradition. Cup Day betting on-course was \$1.125m – an outstanding figure for a non-holiday weekday.

Changes in the pattern of racing at Ellerslie make it tricky to match “apples with apples” when comparing this year's figures with those in the past. There is little doubt that bad weather on the mid-week day of the Christmas-New Year Summer Carnival had a major impact – 40 scratchings, or 30% of the field, a big reduction in on-course attendance, and total turnover around \$1m below expectations.

But overall, the on-course story is unalloyed good news. At Ellerslie, the Summer Carnival and the Cup Carnival each generated \$2.3m in turnover on-course, totalling a \$300,000 increase on the same racedays last year. And the Auckland Racing Club has said that on-course turnover for Cup Week contributed only a third of their revenue, with hospitality and catering delivering high returns.

The shift to a weekday puts the Auckland Cup on the same footing as its Tuesday compadres, the New Zealand Trotting Cup and the Melbourne Cup.

The Thoroughbred Code now has five big racedays instead of three, and two Carnivals instead of one. And Harness and Greyhounds are feeding into, and capitalising on, the excitement of the new Cup Week. Its first year has been a positive platform for future growth.



The Auckland Cup, in all its glory: Peter Fraher (who owns Pentane with his brother Michael) makes the acceptance speech, and behind him are ARC Chief Executive Chris Weaver (centre) and Auckland Mayor Dick Hubbard (left).



Pentane the hero of the cliffhanger Auckland Cup race.



One of the greatest successes of the Auckland Cup Carnival at Ellerslie was the on-course story – in hospitality, corporate entertainment, catering and wagering turnover.

New Board Members

This month sees the New Zealand Racing Board welcome two new Members, and farewell two.

Alistair Sutherland joins as the nominee for the Thoroughbred Code, and Warren Bell is joining as an independent Member.

Alistair Sutherland is a current member of the Boards of New Zealand Thoroughbred Racing, and also the Auckland Racing Club. He has held Board Memberships with the TAB and the Racing Industry Board. He is an experienced company director, was chairman and managing director of Philips NZ Ltd, and held senior international roles with TMP Worldwide / Morgan & Banks and Magnum Corporation. He is based in Auckland.

Warren Bell is a former senior partner in chartered accountancy firm Deloitte. He has considerable directorship experience, including chairman of Hallenstein Glasson Holdings Ltd and the Alto-Vertex group of companies. Christchurch-based, he was chairman of

PDL Holdings Ltd and is a director of a number of private companies and district council businesses.

Former Thoroughbred Code nominee, Murray Acklin, and independent Member, Anne Urlwin, are standing down, having been Members of the Board since its inception in August 2003. Anne chaired the Audit and Finance Committee, of which Murray was a member; and Murray also worked on the Dates Committee. They have contributed much besides to the NZ Racing Board in its foundation years, and the management and staff thank them for their work.



Alistair Sutherland



Warren Bell

Greyhounds as Pets – retirement scheme launched

A happy retirement for racing dogs, and the pleasure of an ideal pet for adopters are the goals of Greyhounds As Pets (GAP).

Greyhounds As Pets is an independent charitable trust set up by Greyhound Racing New Zealand and modelled on a similar programme in Victoria. Racing Minister, the Rt Hon Winston Peters, launched the scheme late last month at the aptly-named Dog and Bone - a bar around the corner from Parliament. He presented a leather dog collar with silver plaque to the very first dog adopted under the scheme, Rosie.

GAP has appointed Kerry Marshall as Chairman, who brings with him a wealth of governance experience. He currently chairs the New Zealand Conservation Authority, the Visitor Information Network, and the NZ Wearable Art Development Trust, and is a past president of Local Government New Zealand.

The Trust will take ex-racing dogs from trainers all over New Zealand. The dogs' first stop is the kennels in Sanson, Manawatu, where they begin the process of adjusting to life after racing. Each greyhound is assessed with cats and dogs of other breeds, and for their suitability for prospective "adopters".

The greyhound then goes into a "foster home" to prepare them for life in the domestic environment. Everything from house-training and negotiating doors and mirrors, to learning not to "surf" the kitchen bench for snacks is covered.

For a photo and profile of available dogs for adoption, go to the GAP website www.greyhoundsaspets.org.nz. Adopters have been quick to come forward. The scheme has already rehoused its first dogs. Many of the 13 dogs on the GAP website, the week before its official launch, had already been reserved or had found homes. The target for GAP's first year of operation is to have 50 dogs adopted; with a goal of 250 in year three.

Gains from the Games – wagering success from Melbourne

New Zealand bettors were enthusiastic about backing their athletes in Melbourne. Betting over the two weeks brought turnover of \$450,000. The most popular sports with customers were athletics, netball, rugby sevens and aquatics.

The national sporting organisations behind each code have benefitted from the betting as well. They receive one percent of turnover and five percent of profit.



Changing the public's perceptions about greyhounds is a key to GAP's ongoing success, says GAP Manager, Jacqui Eyley. Their racing muzzles give them an aura of aggression that's unjustified, and as house pets they need less exercise than other popular breeds.

It's natural Eyley should be enthusiastic about the breed's suitability as pets. She found a greyhound in a council pound in England, took it home, and liked it so much she brought it with her when she emigrated. "A greyhound is the ideal suburban, indoor pet. They're calm, gentle, placid and easy going. They need less exercise than a labrador - one 20-minute walk a day is enough. They're a breed that really loves to please and most of them are great with children."

She hopes that word of mouth will increase demand on both sides of the scheme – for trainers as they see their racers retiring to good homes and for adopters as the community learns that retired racing greyhounds make great pets.

Sports betting at Melbourne follows our first major international multi-event betting at Athens in 2004. We now look ahead to Beijing, and hope that we can heighten the excitement for our customers, and the benefits they generate for a widening range of New Zealand sporting bodies.

Radio Trackside – increased Southern exposure

Trackside Radio has lengthened its reach into the deep south, with new sites on air from late March. The new frequencies are Oamaru, Queenstown and Alexandra and Cromwell. March also saw a change of frequency for the far North – it, and the new South Island frequencies, appear on the Trackside Radio map.

St John Appeal



the first to care

Meanwhile, Radio Trackside has also lent its support to the annual Radio Pacific appeal for St John. Their first aid volunteer services are fundamental to New Zealand racedays, and the radiothon kicked off with a day of interviews with jockeys, trainers and others who have experienced St John care first hand at the racetrack.

The TAB opened a dedicated St John account for donations, which donors could give to at TAB outlets and on the TAB website.

Funds raised are for a fully-equipped Mercedes ambulance for St John front line services.

Keep Track of All Our New Frequencies.

Radio Trackside is expanding its frequencies, so racing fans across the country can tune in for race commentaries and latest results, news and views. If you're not near a radio, you can log on to www.tab.co.nz and listen to live audio streaming of Radio Trackside.

Radio Trackside
RACING FIRST.